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**Ameritech**

**James K. Smith**  
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EX PARTE OR LATE FILED

May 9, 1997

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Mr. William F. Caton, Acting Secretary  
Federal Communications Commission  
1919 M Street, NW  
Room 222  
Washington, DC 20554

Federal Communications Commission  
Office of Secretary

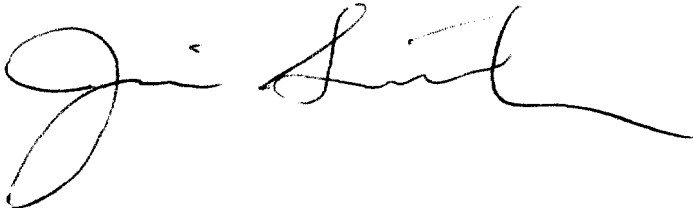
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RE: **Ex Parte Statement**  
CC Docket No. 96-98 (Shared Transport)

Dear Mr. Caton:

The attached Supplemental Rebuttal Testimony of David H. Gebhardt, presented on May 2, 1997 in Docket No. 96-0404 before the Illinois Commerce Commission, should be entered into the record of the above referenced docket.

Sincerely,



Attachment

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May 2, 1997

Docket No. 96-0404  
Ameritech Illinois Ex. 1.5

SUPPLEMENTAL REBUTTAL TESTIMONY OF DAVID H. GEBHARDT

Qualifications

Q. Please state your name and business address.

A. David H. Gebhardt, Ameritech Illinois, 225 West  
Randolph Street, Chicago, Illinois 60606.

Q. Are you the same David H. Gebhardt who provided  
testimony previously in this proceeding?

A. Yes.

Purpose Of Testimony

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to respond to issues  
raised by Staff and other parties relative to unbundled  
local switching (ULS) and common transport; use of 611  
dialing for repair calls; resale; directory issues; and  
911 database issues. I will also update my schedule  
which shows the quantities of service and unbundled

network elements to which the CLECs are subscribing as of May 1, 1997.

ULS and Common Transport

- Q. AT&T, MCI, Comptel, and Staff continue to take the position that Ameritech Illinois' ULS offering is inadequate. Would you provide some general comments?
- A. Yes. At this point, the positions of the parties are clearly defined. There is a major definitional, technical and conceptual gap between Ameritech Illinois' position and that of the other parties relative to ULS and common transport. However, as the Company has been saying since the outset of these proceedings (and, indeed, since the Wholesale/Resale proceeding), the real objective underlying the IXCs' demand for common transport continues to relate to price and nothing else. I think that the IXCs have now made it clear that they have no real interest in unbundled elements. In fact, most of them concede, either directly or indirectly, that switching cannot be unbundled from transport in the arrangements they contemplate in a physical sense.

Instead, functionally, the CLECs are asking for precisely the same bundled services that are already

available today through Ameritech Illinois' wholesale and carrier access service offerings. The CLECs clearly expect Ameritech Illinois to originate, route and terminate their traffic, with no engineering or planning responsibility of any kind on their part. The CLECs also are unwilling to accept any financial or service risks. They simply want these functions performed for them by Ameritech Illinois in the same manner it does today for wholesale and carrier access services -- just at a lower "network element" price -- and they want to retain carrier access revenues for themselves. Fundamentally, this arrangement bears no relationship to the concept of unbundled network elements.

Q. The parties continue to claim that Ameritech Illinois' position is precluded by either the FCC's order in Docket 96-98 or this Commission's order in the Wholesale/Resale Docket. Do you agree?

A. No. I believe that neither this Commission, the FCC, nor the parties had any real understanding of the "platform" plan and unbundled local switching at the time those two orders were adopted. It has only been over the course of these proceedings and the proceedings before the FCC that the parties' positions have been clearly developed. For this reason, it is

critical that the Commission takes a new and hard look at this issue prior to deciding it. It has not already been decided, as many of the parties seem to suggest, and its resolution has serious ramifications for the integrity of this Commission's wholesale and carrier access pricing policies. The IXCs should not be permitted to end-run those policies in the manner they propose without serious consideration of the implications.

Q. Are there specific issues that require further comment?

A. Yes.

Q. AT&T claims that "under Ameritech's proposal, no CLEC traffic would be carried over Ameritech's existing network; it would all be carried over new dedicated facilities" (p. 10); and, therefore, that "CLECs and their subscribers are denied the efficiencies inherent in Ameritech's existing interoffice transport routing" (Sherry, p. 8). This claim is echoed by Comptel (Gillan, p. 11). Are they correct?

A. No, they are not. It is true that the IXCs using unbundled network elements would have to take an active role in designing and managing their own networks. However, that does not mean that they cannot use

Ameritech Illinois'. Ameritech Illinois offers to carry calls over its existing network as a wholesale service at a wholesale price.

Q. Is it true that Ameritech Illinois' offering forces a CLEC to immediately establish a complete "overlay network" as Mr. Sherry claims?.

A. No. First, a CLEC can initially establish a ULS presence using wholesale usage services to carry most or all of its calls. As it builds customer base and call volumes, the CLEC can then collect data that will allow it to determine where and when it is feasible from both an economic and service quality standpoint to engineer its own trunk group to carry a particular subset of calls, while continuing to use wholesale usage services to carry other calls. We would expect CLECs obtaining ULS from Ameritech to quickly, if not immediately, establish its own dedicated trunk groups for two functions -- one for operator services and directory assistance calls, and one to carry interstate and intrastate toll calls originated on the ULS line ports to the IXC that the CLEC is either owned by or partners with.

Second, a CLEC can use the new Shared Company Transport options to quickly establish direct end-office-to-end-

office trunks as I described in my Supplemental Direct testimony. Although the CLEC would have to designate the trunk routes, the per-minute-of use pricing option provides significant capacity flexibility. Ameritech Illinois -- not the CLEC -- in that situation would be bearing most of the expense and risk associated with any "overlay network".

These two service options provide ample ability and incentive for an efficient network to be maintained. The specter of exhausted tandems and network blockage raised by Mr. Sherry on pages 12-14 of his testimony would only occur if AT&T were to deliberately implement a network design that is inefficient from both an economic and an engineering standpoint.

- Q. Comptel quotes the definition of the local switching capability network element in FCC rule 51.319(c)(1) and claims that "[t]his all-encompassing definition would obviously include the basic routing instructions resident in the switch" (Gillan, p. 12). Do you agree?
- A. Absolutely not. The FCC's rule provides for an unbundled element which, in addition to the basic switching function, provides "all features the switch is capable of providing" (emphasis added). The switch and switch software provided by switch vendors do not

provide routing instructions. They provide the capability of acting on the routing instructions that are programmed by the operator of the switch. The routing instructions used by Ameritech Illinois to provide its services are the proprietary product of Ameritech Illinois' network engineers and administrators, and are not a feature of the switch. Ameritech Illinois' ULS network element offering includes the capability for the CLEC to engineer its own network routing tables and to have them programmed into the switch for the CLEC's use; or, alternatively, to make use of Ameritech Illinois' proprietary routing instructions by purchasing wholesale calling services to complete its calls.

- Q. AT&T claims that Ameritech is inconsistent in its position that only "discrete" functionalities can be network elements, citing the inclusion of signaling transport in the unbundled signaling element and the incorporation of signaling in the ULS element as examples of network elements that are not "discrete" (Sherry, p. 5). Are his examples relevant to a determination whether "common transport", as defined by AT&T and others, can be classified as a network element?



- A. No. In both of the cases cited by Mr. Sherry, there are discrete, defined interfaces at which the element can be combined either with other unbundled network elements from Ameritech Illinois or with network elements provided by the requesting CLEC or a third party. Under AT&T's version of common transport, there is no interface to which CLEC or third party network elements can be connected. It is strictly a service available only with the ULS element provided by Ameritech.
- Q. Is Staff correct in stating that "[t]here is no technical constraint that would prevent Ameritech from providing access to common transport as a network element"?
- A. Absolutely not. As I stated above, common transport as defined by AT&T, MCI, and Comptel cannot be provided as a stand-alone unbundled network element separate from any other element or service provided by Ameritech Illinois.
- Q. Dr. Ankum claims that common transport service should be the same arrangement Ameritech Illinois offers to IXCs in its access tariff (Ankum, p. 7). Do you agree?

A. No. The common transport service that Ameritech Illinois provides to IXCs as a switched access service, referenced by Dr. Ankum, is not the same "common transport" network element that he and other witnesses demand that Ameritech Illinois provide in conjunction with ULS. The common transport service provided as an access service requires a dedicated trunk port on the tandem to which the IXC delivers traffic using either dedicated transport provided by Ameritech Illinois or transport provided by the IXC or a third party. It provides the ability to terminate calls only to those end offices that subtend the tandem. This service is similar to the network interconnection (i.e., transport and termination) that is offered by Ameritech Illinois to CLECs under its obligation to interconnect. Thus, it is not a network element, but a form of network interconnection. In contrast, the "common transport" network element that AT&T, Comptel and MCI are demanding does not have a dedicated trunk port at the tandem. Rather, it is Ameritech Illinois' LATA-wide retail/wholesale calling services made available to each line port in each end office switch.

Q. Staff testified that a common transport network element can be defined as "the transport piece of Ameritech's network that carries traffic that is common to the

network" (Gasparin, p. 8). Is that a meaningful definition of a network element?

A. No, it is not. Mr. Gasparin has not described an "element" of the network that can be unbundled. The thing that "carries the traffic that is common to the network" is the network.

Q. Mr. Gasparin goes on to claim that common transport is a network element as defined in Section 152 of the Act because it "is used by Ameritech in the transmission and provisioning of a telecommunications service. Specifically, common transport is used in the transmission of usage" (Gasparin, p. 10). Does this attempt at definition improve upon his earlier attempt?

A. No. Once again, what Mr. Gasparin has attempted to describe as a common transport element is not an "element" of a service at all; but is, in fact, the entire usage service that is provided by Ameritech Illinois on a retail and wholesale basis to IXCs, CLECs or end users.

Q. Is Mr. Gasparin's position consistent with the definition of a network element?

A. No. Section 152 of the federal Act defines "network element" as "a facility or equipment" used to provide a telecommunications service. A network element also includes features, functions and capabilities that are provided by "such facility or equipment..." However, in order to obtain a "feature, function or capability" -- a network element -- the requesting carrier must designate a discrete facility or piece of equipment, in advance, for a period of time.

Q. Are the parties in this proceeding defining common transport as a discrete, point-to-point facility?

A. No. AT&T, Staff and MCI all now concede that their definition of "common transport" is, in fact, undifferentiated access to transport and switching. For example, MCI admits that, under its view of "common transport", carriers should be allowed "to terminate traffic throughout Ameritech Illinois' network without having to previously specify or designate the point of termination": "under true common transport, as it is used in switched access services, carriers hand-off their traffic at the tandem, and receive call terminating functionality throughout Ameritech network on a call-by-call basis" (Ankum, p. 7, emphasis in original). AT&T also concedes that its definition of

"shared transport" is the same as "common transport" (Sherry, p. 4).

Q. In your opinion, is "common transport," as clarified by Staff, MCI and AT&T, a network element or a service?

A. The parties acknowledge their definition of "common transport" is the same as switched access service. It has none of the attributes of a network element; it is not "unbundled"; and, like other services, it is "comprised of multiple network elements" (Sherry, p. 5). Thus, it is now crystal clear that the IXCs' view of the "shared transport" which the FCC requires is a blend of direct transport between end offices, common transport to tandem offices and tandem switching -- which cannot be considered a "network element".

Q. On pages 8-9 of his testimony, Dr. Ankum quotes the specific checklist requirement in Section 271(c)(2)(B)(v) of the Act (i.e. "Local transport from the trunk side of the wireline local exchange carrier switch unbundled from switching or other services") and claims that his reading of this requirement does not restrict transport to point-to-point connections. What is your interpretation?

- A. It seems obvious to me that the phrase "unbundled from switching" means exactly what Dr. Ankum claims it does not mean. Until it is combined with switching and with other transport elements accessible through the switching function, a transport facility can only exist on a point-to-point basis. The checklist item quoted by Dr. Ankum clearly does not require Ameritech Illinois to provide common transport.
- Q. Dr. Ankum also claims that "common transport is essential to the economic viability of the ULS offering" (Ankum, pp. 6-7). Do you agree?
- A. No. Dr. Ankum provides no analysis to support his statement. The only analysis of the economics of ULS that has been presented in this proceeding was offered by Mr. Kocher in his supplemental direct testimony. Ameritech Illinois' ULS and other offerings provide numerous and flexible methods for a CLEC to use when entering the marketplace based on a combination of strategies, and to evolve incrementally by substituting combinations of unbundled network elements from Ameritech Illinois, third parties, or self-provisioned for wholesale services when it determines that such substitution is economically justified. Ameritech Illinois' offerings do not obliterate the distinction between unbundled network elements and resale, as those

separate requirements are defined by the Act, unlike the proposals of AT&T, MCI, Comptel, and Staff.

Q. The other parties cite to paragraphs 258 and 810 of the FCC order as providing support for the proposition that the order requires that "common transport" be provided as a network element. In your opinion are these references conclusive?

A. Not at all. Other portions of the FCC's order clearly support my view that common transport, as defined by AT&T, MCI, and Comptel, is not a network element.

Paragraph 334 draws clear distinctions between service resale and unbundled elements as follows:

"A carrier purchasing unbundled elements must pay for the cost of that facility, pursuant to the terms and conditions agreed to in negotiations or ordered by states in arbitrations. It thus faces the risk that end-user customers will not demand a sufficient number of services using that facility for the carrier to recoup its cost.... A carrier that resells an incumbent LEC's services does not face the same risk."

The FCC also distinguished network elements from services in paragraph 358 as follows:

"When interexchange carriers purchase unbundled elements from incumbents, they are not purchasing exchange access 'services.' They are purchasing a different product, and that product is the right to exclusive access or use of an entire element."

In the scenario proposed by the IXC's, common transport is identical to existing Ameritech Illinois retail and wholesale services. The CLEC would not use it as an

element of its own service or assume any risk of underutilization, but would simply resell it in toto as a service to its end users.

Most critically, paragraphs 439 through 451, where the FCC specifically defines the obligations of ILECs to provide unbundled transport that are ultimately codified in the rules, contain no mention of common transport or any reference to a form of transport that includes switching. The only obligation defined by the FCC is the provision of unbundled transmission facilities.

Ameritech Illinois agrees that there is some ambiguity and contradiction in the FCC's 700-plus page order and rules. The Company expects, however, that any such ambiguity will be resolved on reconsideration by the FCC in a manner that is consistent with the letter and the intent of the Act. That is, unbundled network elements will be correctly defined as discrete components and functionalities that a competitor may combine with other such elements or with elements provided by itself or third parties, using its own engineering and administrative skills, to construct its own network to serve end users.

Q. Dr. Ankum claims that there are open questions



regarding the rate structure for unbundled local switching that should be considered in this proceeding. Do you agree?

- A. No. The Commission has already determined that the ULS rates established in the AT&T arbitration case are compliant with the requirements of Section 252 of the Act. Whether or not any of those rates may be modified as a result of the proceedings in Docket No. 96-0468/0569 is of no relevance to this proceeding.

Access Charges and ULS

- Q. Comptel disputes Ameritech Illinois' position on the proper application of access charges to IXCs, by claiming that Ameritech fails recognize that the unbundled local switching network element includes certain "shared" trunk ports, "including those trunk ports which are used to route traffic to/from interexchange carriers" (Gillan, pp. 9-10). Mr. Gillan references paragraph 810 of the FCC order as support for his claim. How do you respond to his contention?

- A. As I stated earlier, there is a certain amount of ambiguity and contradiction in the FCC's order. Paragraph 810, which is cited by Mr. Gillan, is a case in point. The rules establishing the definition of the

unbundled local switching element (CFR 51.319(c)) and the section of the order discussing and establishing those rules (paragraphs 410-424) make no mention of "shared" trunk ports. This is only proper, since the Act defines unbundled local switching as "local switching unbundled from transport, local loop transmission, or other services" (271(c)(2)(B)(vi)). As Mr. Graves of Staff recognizes on page 14 of his testimony, "[i]f these facilities [trunk ports] are shared, then the transport they connect to must also be shared." Thus, a definition of unbundled local switching that includes shared trunk ports would effectively fail to unbundle local switching from transport, and would not be in conformance with the requirements of the Act.

Paragraph 810 appears in a section dealing not directly with the definition of network elements, but rather with the development of temporary "proxy" prices to be used for interconnection services and network elements. While nominally a discussion of the development of proxy prices for unbundled local switching, the discussion in that portion of the order centers on cost studies reviewed by the FCC which analyze the cost of reciprocal transport and termination of traffic between networks. This is significant because transport and termination is an interconnection service, not an

unbundled network element, and by its nature does include the use of common transport over the network. Later, in paragraph 1060, the FCC establishes and justifies temporary proxy prices for reciprocal transport and termination by simply referring back to its earlier discussion of the proxy price for unbundled local switching.

It is apparent that there is some confusion in the order regarding the differences between reciprocal compensation for network interconnection services, which involve shared trunk ports and the termination of traffic over a form of common transport; and the unbundled switching element, which must be unbundled from transport, and which, therefore, may not include a shared trunk port or any associated common transport services. It is my belief that the FCC will recognize these inconsistencies on reconsideration and clarify the fact that the unbundled local switching network element cannot include "shared" trunk ports without violating the plain requirements of the Act.

- Q. AT&T also criticizes Ameritech's proposals for the relationship between the ULS line port element and IXC access charges (Sherry, pp. 14-19). Does his reasoning differ significantly from Mr. Gillan's?

A. No. Though he spreads his argument over a few more pages, the essence is the same. His position is dependent on the assumption that a ULS line port network element somehow incorporates exclusive access to the entirety of Ameritech's network as an integral part of the "unbundled switching" element. As I discussed in regards to Mr. Gillan above, that assumption is clearly at odds with the requirements of the Act for defining unbundled local switching. I must also stress the point here that Ameritech Illinois' offerings do not prevent CLECs from providing access service to IXCs for their ULS-served end users when they provide that access using unbundled trunk ports and the custom routing feature of the ULS element.

Q. What about AT&T's claim that the carrier subscribing to a ULS line port network element must necessarily obtain with it every occurrence of the "switching function" that is associated with the line port (Sherry, p. 19)?

A. Every call switched by a switch necessarily involves two ports: i.e. a line port and a trunk port, or two line ports. The switching function, which occurs only once, can only be associated with one of those two ports. Ameritech Illinois has endeavored to set out a consistent way of determining which of the two involved ports "obtains" the switching function in each

particular case. Under Mr. Sherry's view, the switching function for a call from a ULS line port of CLEC A to a ULS line port of CLEC B would be obtained by both CLECs. This is clearly an absurd and impossible result. The switching function can only be associated with (and billed to) one line or trunk port each time it is used. I believe that Ameritech Illinois has developed reasonable proposals that identify the proper association of the switching function and the switch port for each type of call, consistent with the requirements of the Act, the FCC's rules, and other existing regulatory rules and orders.

Q. Do you have any other comments regarding Mr. Sherry's testimony?

A. Yes, I would like to briefly address two items. First, on page 20 he claims that my testimony "concedes that Ameritech Illinois' earlier proposal was an attempt to double recover costs." That is not correct. What I stated in my testimony was that Ameritech Illinois had corrected its billing methodology to bill the switching element only to the IXC rather than incorrectly billing it only to the CLEC. There was no double billing of that element in the Company's previous proposal.

Second, Mr. Sherry apparently recognizes that the Commission has no authority over the application of interstate access charges and that proper application of those charges is under the purview of the FCC (Sherry, p. 21). This point still appears to escape Dr. Ankum and others.

- Q. Dr. Ankum proposes that a CLEC receive transport and termination compensation (reciprocal compensation) or intraLATA access charges when an intraLATA call is terminated on a ULS line port (Ankum, pp. 16-17). Does this proposal make sense?
- A. No. What Dr. Ankum is proposing is a wasteful, administratively burdensome and economically irrational arrangement. Dr. Ankum is suggesting that CLECs be permitted to buy switching capabilities from Ameritech Illinois at one rate (i.e. the ULS rate) and sell it back to Ameritech Illinois at a different and higher rate (i.e. the reciprocal compensation rate) whenever Ameritech Illinois terminates a call to one of their subscribers. The CLEC then pockets the difference. In effect, Ameritech Illinois is required to pay the CLEC for Ameritech Illinois' use of its own network to complete its own calls. The CLEC makes a profit on this arrangement solely by arbitraging Ameritech Illinois' existing rate structures -- not by making any

facilities contribution of its own to network infrastructure in Illinois or even by assuming any of the network risks currently borne by Ameritech Illinois. The CLEC is not entitled to any compensation in this situation. If a CLEC wants to participate in reciprocal compensation arrangements, it should at least be expected to install its own facilities like MFS, TCG and CCT have.

Dr. Ankum's proposal would also produce unintended results in a multicarrier environment. Take for example the situation I discussed earlier where a call is originated on the ULS line port of CLEC A and terminates on the ULS line port of CLEC B. Under Dr. Ankum's proposal, it would appear that CLEC B would bill some type of terminating charge to CLEC A and that Ameritech Illinois would bill the ULS usage charges to CLEC B, despite the fact that CLEC A believes that it is obtaining ULS from Ameritech Illinois and that it will be billed the ULS usage rate by Ameritech for the intra-switch calls it originates on its port. As I stated earlier, Ameritech has designed its unbundled local switching offering to clearly associate the switching function with a single switch port for every type of call and to avoid the types of confusing and burdensome billing arrangements advocated by Dr. Ankum.

Q. Dr. Ankum also claims that Ameritech Illinois' ULS offering results in "double recovery" of trunk port costs (Ankum, p. 18) How do you respond?

A. Dr. Ankum is apparently confused as to how unbundled ULS trunk ports will be used by CLECs in conjunction with custom routing. A single trunk port cannot carry more than one call at a time and different trunk ports will carry only particular types of calls. As I noted earlier in this testimony, Ameritech Illinois expects that a carrier ordering ULS line ports will quickly establish separate dedicated trunk ports with custom routing for at least two types of calls: one for operator services and directory assistance calls to the carriers own OS/DA platform, and one to carry interstate and intrastate toll calls originated on the ULS line ports to the IXC that the CLEC is either owned by or partners with. These trunk ports will be dedicated to those specific call types; and other call types, such as incoming calls, will necessarily use different trunk ports. Thus, any charge assessed by Ameritech for calls which use other trunk ports does not "double recover" the cost of the CLEC's dedicated trunk ports, but rather recovers the cost of the other trunk ports that are actually used to carry the call. At the same time, the CLEC can be simultaneously



carrying a call from a different line port over its dedicated trunk port.

611

Q. Staff agrees that Ameritech Illinois' plan to implement 800/888 ten-digit access for repair service will satisfy the Company's checklist requirements for 611 dialing parity (Tate, p. 4). Has any party expressed a contrary view?

A. No. Therefore, I am satisfied that the 611 issue has been adequately resolved.

Q. Does an issue remain relative to the timing of the change to 800/888 dialing and checklist compliance?

A. Yes. Staff takes the position that checklist compliance will not be achieved until July 15, the end of the permissive dialing period.

Q. Do you agree?

A. In my opinion, this is an unnecessarily restrictive view. Once 800/888 dialing is introduced on May 15 and a date certain has been established on which 611 dialing will terminate, the Company should be viewed as